



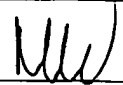
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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|---|-------------|----------------------|---------------------|------------------|
| 10/730,360 | 12/09/2003 | Sam Balabon | 12664-1 | 1794 |
| 23838 | 7590 | 09/15/2004 | EXAMINER | |
| KENYON & KENYON 1500 K STREET, N.W., SUITE 700 WASHINGTON, DC 20005 | | | ALPERT, JAMES M | |
| | | | ART UNIT | PAPER NUMBER |
| | | | 3624 | |

DATE MAILED: 09/15/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

| | | | |
|------------------------------|-----------------|--------------|---|
| Office Action Summary | Application No. | Applicant(s) | |
| | 10/730,360 | BALABON, SAM | |
| | Examiner | Art Unit | |
| | James Alpert | 3624 |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 03 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 09 December 2003.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-35 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-35 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

The application has been reviewed, and Claims 1 - 35 are pending. The objections and rejections are as stated below.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claim 1-35 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The body of the claims by its nature contemplates two possible scenarios, given a predetermined distance and predetermined direction away from the updated market value. It is clear that the order is completed when the order is accepted at the minimum predetermined distance and direction. However, there are no statements of a course of action should the order be accepted within these minimum parameters. Appropriate correction is required.

For art rejection purposes, the claims are interpreted in light of the 35 U.S.C. 112, second paragraph rejection. Since, the failure scenario is not used in processing the order, the Examiner treats the claims to be interpreted as if the condition of an acceptance price at minimum distance and direction away from market value being achieved.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

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A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002 do not apply when the reference is a U.S. patent resulting directly or indirectly from an international application filed before November 29, 2000. Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

Claims 1-9, 15-18, 26, and 34-35 are rejected under 35 U.S.C. 102(e) as being anticipated by Gary, US Patent #6618707.

With regard to Claims 1 and 34-35, Gary discloses a system and method comprising:

receiving from a first party an order to trade a financial instrument at a predetermined distance and predetermined direction away from a market value of the financial instrument; (Col. 7 lines 35-39 and Fig. #3a)

upon acceptance of the order by a second party at a particular price, determining an updated market value of the financial instrument; and (Col. 24 lines 15-19)

completing the order only if the accepted price is at least the predetermined distance and the predetermined direction away from the updated market value.
(Col. 24 lines 19-23)

With regard to Claim 2, Gary discloses the step wherein:

the order is received from the first party over a network. (Col. 8 lines 16-23 and Fig. #1)

With regard to Claim 3, Gary discloses the step wherein:

the order to trade is a buy order. (Col. 13 lines 29-31 and Fig. #3b)

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With regard to Claim 4, Gary discloses the step wherein:

the order to trade is a sell order. (Col. 13 lines 60-64 and Fig. #3c)

With regard to Claim 5, Gary discloses a method and system wherein:

the financial instrument is one of a stock, bond, contract, option, future, commodity and currency. (Col. 6 lines 43-46)

With regard to Claim 6, Gary teaches the step wherein:

the predetermined distance is a percentage. (Col. 16 lines 26-67)

With regard to Claim 7, Gary teaches the step wherein:

the predetermined distance is a dollar amount. (Col. 17 lines 1-9)

With regard to Claim 8, Gary discloses the step wherein:

the predetermined direction is below the market value of the financial instrument. (Col. 23 lines 20-25)

With regard to Claim 9, Gary discloses the step wherein:

the predetermined direction is above the market value of the financial instrument. (Col. 17 lines 1-9)

With regard to Claim 15, Gary discloses the step wherein:

the second party accepts the order by clicking on a posting of the order over a network. (Col. 8 line 56 thru Col. 9 line 6)

With regard to Claims 16, Gary discloses the step wherein:

completing the order includes executing the order at the accepted price (Col. 16 lines 9-12, Col. 12 lines 32-33)

With regard to Claim 17, Gary discloses the step wherein:

executing the order includes submitting the order to a third party system for execution. (Col. 12 lines 33-41)

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With regard to Claim 18, Gary discloses the step wherein:

at least one activation condition is received with the order; and delaying activation of the order until the at least one activation condition is satisfied.
(Col. 12 line 62 thru Col. 13 line 27)

With regard to Claim 26, Gary teaches the step wherein:

receiving at least one execution condition with the order; and completing the order only if the at least one execution condition is satisfied. (Col. 10 lines 45-57)

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

To restate, Gary teaches a method comprising:

receiving from a first party an order to trade a financial instrument at a predetermined distance and predetermined direction away from a market value of the financial instrument;

upon acceptance of the order by a second party at a particular price, determining an updated market value of the financial instrument; and

completing the order only if the accepted price is at least the predetermined distance and the predetermined direction away from the updated market value.
(see rejection to Claim 1 above)

Claims 10-14, 18-25, and 27-33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gary, US Patent #6618707

With regard to Claims 10-14, Gary fails to disclose specifically of measuring market value by a particular index, such as bid price or ask price, or the average thereof. Nor does Gary use a specific software package for calculating an estimate of market value.

However, these pricing devices are used often as benchmarks of value, and the examiner takes Official Notice that they are old and well known in the art. It would be obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Gary to include these indices because they can serve as useful measures for determining value, and whether a trade should execute.

With regard to Claims 18-22, Gary fails to disclose specifically these claims relating to various individual activation conditions. However, using these various indices as a barometer to trade are very well established in securities related processes, and as such, the examiner takes Official Notice that they are old and well known in the art. It would be obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Gary to include these various activation conditions because it would provide users much more information, and allow users more flexibility in making decisions related to their investment objectives.

With regard to Claims 23-25, Gary fails to disclose specifically these claims relating to the mechanisms for indicating that an order that is available for trade, and in particular, posting on bulletin boards and in certain indicative colors. However, these techniques of presenting availability are very well established in securities related processes, and as such, the examiner takes Official Notice that they are old and well known in the art. It would be obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Gary to enable these mechanism because doing so would facilitate greatly the process of distinguishing available trades, thus increasing efficiency in the market.

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With regard to Claims 27-33, Gary fails to disclose specifically these claims relating to the various execution conditions that must occur before the transaction will finalize. These various embodiments of an execution condition are well established in securities related processes, and as such, the examiner takes Official Notice that they are old and well known in the art. It would be obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Gary to include such mechanisms because doing so would allow users great control over whether their trades are meeting their investment objectives.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

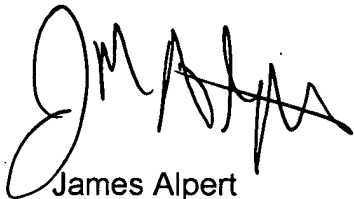
- a) Greenwald, U.S. Patent Application Publication #2002/0161693, Oct. 31, 2002, Automated Over-the-Counter Derivatives Trading System.
- b) Freeney, Jr., U.S. Patent #6594643, July 15, 2003, Automatic Stock Trading System
- c) Tilfors et al., U.S. Patent #6405180, June 11, 2002, Automated Exchange for Matching Bids Between a Party and a Counterparty Between the Counterparty and the Exchange

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (703) 305-4001. The examiner can normally be reached on M-F 8:00-5:00.

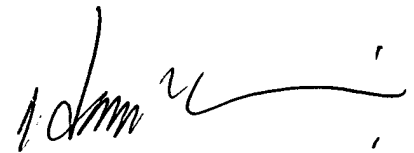
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



James Alpert
September 9, 2004



HANI M. KAZIMI
PRIMARY EXAMINER